

## **OPEN DOOR POLICY FOR DISPUTE RESOLUTION**

(3/07)

Effective March 1, 2007 ("the Effective Date"), Pioneer Drilling Company ("Pioneer") has implemented an Open Door Policy for Dispute Resolution (the "Policy"), which establishes the sole means through which either an employee or Pioneer may resolve any employment -related dispute. The purpose of this Policy is to expedite the resolution of claims related to your employment. Please read all of the information contained in this packet. If you have any questions about the Policy, please contact the Director of Human Resources at Pioneer's Corporate Office in San Antonio, Texas at 210-828-7689.

In exchange for Pioneer's agreement to resolve employment disputes with you under the terms and conditions of this Policy, and as a condition of continued employment, this Policy will apply to all current and future employees. You should read this Policy and sign and return the Employee Acknowledgment within ten (10) business days. Nothing contained in this Policy or any document referred to in this Policy modifies employees' at-will employment status.

### **A. WHAT IS COVERED BY THE OPEN DOOR POLICY FOR DISPUTE RESOLUTION?**

The Policy will cover all disputes related to or arising out of your relationship with Pioneer, including, but not limited to, the following (collectively, the "Claims"):

- Tort claims, which include claims that involve claims of negligence, gross negligence, intentional infliction of emotional distress, libel, slander, invasion of privacy, assault and claims involving unlawful bodily injury or injury to your property or reputation for which compensation may be obtained;
- Any claims based on public policy; claims involving prohibited employment discrimination or harassment of any form, including, but not limited to, race, color, sex, age, disability, religion, or national origin;
- Retaliation claims (including, but not limited to, claims under 42 U.S.C. § 2000e-3 and state laws prohibiting retaliation against employees who have made claims of discrimination, been injured on the job or sought workers' compensation benefits);
- Claims regarding wages or other compensation due under the Fair Labor Standards Act (including claims under the Equal Pay Act), including, but not limited to, claims for non-payment or untimely payment of wages and overtime and claims for improper deductions, setoffs, or assignments from wages, garnishments and bonuses; violations of the Uniformed Services Employment and Reemployment Rights Act of 1994; violations of the Family and Medical Leave Act; and violations of the Workers' Adjustment and Retraining Notification Act;



- Other claims for violation of any federal, state or local constitution, statute, ordinance or regulation;
- Claims related to on-the-job injuries if, for any reason, such claims are found not to be within the exclusive remedies' provision of the applicable Workers' Compensation Act; and
- Any breach of contract claims or any violations of the provisions of this Policy.

Claims that are not covered by this Policy and which must be pursued in their appropriate forums are claims for workers' compensation benefits; unemployment benefits; claims by Pioneer, its affiliates or assigns, for injunctive or equitable relief (including, but not limited to claims for unfair competition or the use or unauthorized disclosure of trade secrets or confidential information); claims under the National Labor Relations Act; and claims under the Employee Retirement Income Security Act.

Class and collective actions shall only be allowed upon the agreement of all of the parties. In the event the parties agree to permit claims under this Policy as a class or collective action, the Federal Rules of Civil Procedure shall apply to the certification and administration of the class. If the parties elect not to proceed as a class, each employee or Pioneer, as the case may be, shall be required to pursue any claims on an individual basis under this Policy.

**By continuing or beginning employment after the Effective Date, you are agreeing that this Policy shall be your exclusive remedy for challenging all actions related to or in any way arising from your employment with Pioneer and seeking a remedy for all Claims covered by this Policy.** In so agreeing, you are also waiving your right to seek any remedy for those claims covered by this Policy outside of the grievance and arbitration procedures established by this Policy. In other words, under this Policy, you maintain your right to assert all claims which you could ordinarily assert against Pioneer, but you waive your right to assert and seek a remedy for those claims covered by this Policy in any forum (including state and federal courts) other than that created by this Policy. Additionally, **while you are free to file a charge with an administrative agency alleging a claim covered by this Policy, by continuing or beginning your employment after the Effective Date, you have waived your right to any recovery for those claims covered by this Policy other than a recovery provided under the terms of this Policy,** whether or not you actually receive an award for your claims under the procedures established in this Policy. This Policy, including its provisions for final and binding arbitration of all disputes between Pioneer and you, shall remain in effect beyond the termination of employment. Therefore, all references to "employee" contained within the Policy shall include former employees, as well as those on leave. Furthermore, and in exchange for Pioneer's agreement to consider applicants for employment, all references to "employee" within the Policy shall also include job applicants. Finally, because this Policy is intended to simplify and expedite the resolution of all Claims, both you and Pioneer agree that where Claims are asserted against Pioneer and/or any other current or former employee(s) of Pioneer for conduct arising from or related to the complaining



employee's employment, those claims shall be pursued under the terms and conditions of this Policy.

## **B. HOW TO TAKE ADVANTAGE OF THE OPEN DOOR POLICY FOR DISPUTE RESOLUTION**

Pioneer wants to treat every employee, regardless of position, with respect and in a fair and just manner. It is important that any employment problem you may have be resolved as quickly and as fairly as possible. Therefore, **if you are having a job-related problem, this is what you should do:**

- Step 1:** Your immediate supervisor or Division Manager is typically in the best position to help you work out a solution to a work-related problem. For this reason, you should normally direct all questions or problems to your supervisor or Division Manager. **NOTE:** In cases involving the termination of an employee's employment, the affected employee should begin at Step 2. Additionally, if an employee has reported alleged harassment in accordance with Pioneer's Anti-Harassment Policy and pursued his/her concerns through all avenues provided under the Anti-Harassment Policy (including the employee hotline), the affected employee should begin at Step 2. Finally, if you are employed by Pioneer as the Chief Operating Officer, Chief Financial Officer, Chief Executive Officer or President, you should begin this process at Step 3.
- Step 2:** If you have not reached a suitable resolution to your problem after talking with your supervisor or Division Manager, or if you feel that you cannot discuss the problem with your supervisor or Division Manager, complete an "Employee Grievance Form" (which may be obtained from the Human Resources Department) and submit it to the Director of Human Resources, who will, in turn, submit the Form for review by the Chief Operating Officer (if you are employed in operations) or the Chief Executive Officer (if you are employed in an office / clerical position at Pioneer's office in San Antonio, Texas). The Chief Operating Officer / Chief Executive Officer will advise you of a decision within fourteen (14) business days of his/her receipt of the Employee Grievance Form.
- Step 3:** If you are unsatisfied with the Chief Operating Officer / Chief Executive Officer decision, you may choose to invoke the Arbitration Phase of the Policy by completing a "Request for Arbitration" form (which may be obtained from the Human Resources Department) and submitting it to the Director of Human Resources. This written notification of an employee's desire to participate in the Arbitration Phase must be received by the Director of Human Resources not later than fourteen (14) calendar days after the date of the decision from Step 2. **Failure to timely submit a written notification of the desire to participate in the Arbitration Phase will result in loss of the right to invoke the Arbitration Phase of**

this Policy. As administrator of the Policy, the Director of Human Resources will notify such management personnel of your continued claim as is necessary. The Arbitration Phase will then proceed as follows:

- (a) You begin the process by paying a \$125 filing fee. In extraordinary circumstances, and upon request by an employee in the "Request for Arbitration" form, Pioneer may waive the filing fee.
- (b) Pioneer will contact the American Arbitration Association ("AAA"), who will be responsible for administering the arbitration procedure in accordance with the then current Employment Arbitration Rules and Mediation Procedures of the AAA (the "AAA Rules"), except to the extent those AAA Rules are modified by this Policy, and any other necessary persons.
- (c) AAA will provide you and Pioneer with the names of neutral candidates to serve as arbitrator for your claim.
- (d) Discovery will be conducted as stated in this Policy and the AAA Rules.
- (e) A date for arbitration will be selected that is convenient for you and Pioneer.
- (f) All arbitrations for employees in Texas shall be held in the metropolitan area (Austin, Dallas, Houston or San Antonio) closest to the city in which the employee's principal place of employment is located; arbitrations for employees in other states shall be held in either a metropolitan area of the parties' mutual agreement or, if the parties cannot agree, in the capitol of the state in which the employee's principal place of employment is located.
- (h) An arbitration hearing will be held, a final and binding decision will be made, and you will receive a copy of the arbitrators' decision regarding your claim.

**All employees requesting arbitration must do so within the period of time provided under the applicable state or federal statute of limitations (including deadlines for the filing of administrative charges) for the claim brought; failure to request arbitration within the applicable period will result in a loss of the right to participate in the proceedings permitted under this Policy and, therefore, will result in a loss of the right to seek a remedy for the challenged action.** In other words, employees must participate in Step 1 (or such other Step as is appropriate under the circumstances described above) within the period of time provided by the state or federal statute of limitations governing the employee's claim. Failure to initiate a complaint within the applicable period will result in a loss of the right to participate in the proceedings permitted under this Policy and, therefore, will result in a loss of the right to seek a resolution of the concern.

Additionally, although Pioneer has agreed to resolve any disputes, including employment disputes, with employees through this Policy, this Policy shall in no way be considered as, or have the effect of, limiting management's prerogative to manage the business



through implementation of policies that it, through its sole discretion, finds necessary. If an employee has a dispute with the application of any policy, he/she may seek a resolution as permitted by this Policy, but Pioneer shall not be required to seek ratification or approval of policy decisions through this Policy before implementation, and this Policy shall not be construed so as to allow the repeal or change of policies implemented by management. Of course, an arbitrator shall have the authority to find that a policy has a discriminatory impact or that a policy had been applied in a discriminatory manner, but the arbitrator shall not have the authority to order the implementation, change or repeal of any policy. Finally, where Pioneer has a dispute with an employee, it will begin resolution of its grievance at Step 3 by submitting a completed Request for Arbitration Form to the Director of Human Resources, who will notify the affected employee by providing him/her with a copy of the completed Form; in such a case, the employee will not be required to pay the filing fee.

If Pioneer fails to meet the deadlines set forth in Step 2, the affected employee must give written notice to the Director of Human Resources of Pioneer's failure to meet the deadline and provide fourteen (14) calendar days to respond to the employee's complaint. Pioneer's failure to meet the deadlines identified in this Policy shall not be deemed a waiver of Pioneer's right to require arbitration of the affected employee's claim(s) where Pioneer takes action within the time provided following written notice by the employee as provided in this paragraph.

Employees are permitted to hire an attorney to represent them during arbitration, but each employee must pay all of his/her own legal fees, although the arbitrator may award the prevailing party (whether Pioneer or the employee) reasonable attorneys' fees as part of the final decision.

All disputes submitted to the arbitration will be resolved by a single arbitrator who is chosen from a panel of potential arbitrators provided by AAA. In addition to the authority granted by the AAA Rules, the arbitrator shall rule on a motion for summary judgment by either the employee or Pioneer and shall apply the standards governing such motions under the Federal Rules of Civil Procedure and the Federal Rules of Evidence. All issues regarding arbitrability of any claim is to be determined by the arbitrator. The arbitrator shall have the authority to revise (in a manner consistent with the parties' intent) any term or provision found by the arbitrator to be invalid or, where such revision is impossible, to sever such term or provision, thereby permitting the remaining provisions of this Policy to be enforced.

Prior to the date on which the arbitration hearing is scheduled to begin, the parties must submit the subject of the arbitration to mediation. Absent agreement of the parties as to the selection of a mediator, AAA shall provide the employee and Pioneer with a list of seven potential mediators from which the parties shall select a mediator. The cost of the mediation shall be shared equally by the employee and Pioneer, absent agreement of the parties otherwise. If the matter is resolved through mediation, the employee and Pioneer shall sign a Settlement Agreement that specifies the manner of resolution and waives the complaining party's right to seek any further remedies for the subject made the basis of



the mediation. If the matter is not resolved through mediation, the parties shall continue with the arbitration at the point that the parties stopped to pursue mediation.

Each party shall, no later than the thirty (30) calendar days following selection of the arbitrator, provide the arbitrator and the other party with: (A) a list of documents, data compilations and tangible things likely to have discoverable information relevant to the disputed facts, (B) a copy of all of the documents, data compilations and tangible things listed, (C) the name, address and telephone number of each individual likely to have discoverable information relevant to disputed facts, (D) the name, address and telephone number of each expert witness the party may call during the arbitration proceeding, the subject matter on which the expert may testify and the documents, tangible things, reports, models or data compilations that have been provided to, reviewed by or prepared by or for the expert in anticipation of the expert's testimony. Additionally, the following forms of discovery shall be available to the parties, pursuant to the applicable Federal Rules of Civil Procedure: Each party shall be permitted five (5) oral depositions, which may include a subpoena duces tecum containing no more than twenty (20) requests (including subparts), two (2) depositions on written questions with no more than twenty (20) questions (including subparts), twenty-five (25) interrogatories (including subparts), twenty-five (25) requests for admission and twenty-five (25) requests for production. Upon agreement of the parties or order of the arbitrator (after a written request by a party), these discovery limits may be changed for purposes of that single arbitration proceeding. However, any such change may only increase the type of discovery already permitted; neither the parties nor the arbitrator are permitted to provide for discovery not otherwise permitted.

The arbitrator shall have the authority to fashion any award and remedy available under the law governing the claims involved, including the authority to fashion an equitable, non-monetary remedy, such as reinstatement or front pay in lieu of reinstatement. Additionally, the arbitrator shall have the authority to award reasonable attorneys' fees to the prevailing party, whether Pioneer or the employee, where such an award would be permitted under the law governing the claims involved. Finally, the arbitrator shall be permitted to award punitive damages where such damages are available under the prevailing law applicable to the type of claim(s) raised and found to be warranted by the arbitrator.

All proceedings conducted under this Policy shall be private and strictly confidential. No documents, transcripts or other matters used in connection with this Policy shall be made public or be used in any manner other than for the purposes of pursuing a grievance, participating in arbitration or seeking to compel arbitration or enforce or set aside the arbitration award. Unless the law provides to the contrary, the arbitrator shall issue any order necessary to ensure confidentiality of any proceeding under this Policy either upon the request of a party or on his/her own motion.

Recognizing that the work of all of Pioneer employees involves interstate commerce, either the employee or Pioneer may bring an action in any court of competent jurisdiction to compel arbitration under this Policy or to enforce or set aside an arbitration award as

permitted by the Federal Arbitration Act ("FAA"), 9 U.S.C. § 1 *et seq.* If for any reason the FAA is found to be inapplicable, such an action may be commenced pursuant to the Texas General Arbitration Act, TEX. CIV. PRAC. & REM. CODE ANN. § 171.001.

### **C. REVISIONS TO OR TERMINATION OF THIS POLICY**

As in the case with any set of rules, regulations or policies, it may become necessary to make revisions to this Policy in the future. If Pioneer determines that revisions are necessary, the employee will be provided with a copy of the revised Policy indicating the effective date, and he/she will be asked to sign an Employee Acknowledgement reflecting receipt of the new Policy. Revisions to this Policy shall only apply prospectively; in other words, revisions will apply only to those Claims based upon actions or events that occur following the effective date of the revisions, unless all parties agree otherwise.

If Pioneer chooses to terminate this Policy, such termination shall terminate the rights of both the employee and Pioneer to arbitrate under this Policy. Pioneer shall provide at least thirty (30) days' notice of any termination of the Policy. Any Claim based upon actions or events that occurred or any proceeding under this Policy that was initiated prior to the effective date of the termination of the Policy shall not be affected by such termination, unless all parties agree otherwise.

### **D. A WORD ABOUT RETALIATION**

All documentation and correspondence will be kept apart from the employee's personnel file. Pioneer has created this Policy to provide a fair and less costly alternative to other methods through which employers and employees typically resolve their disputes. Employees will not be disciplined in any way or discharged for using this Policy. However, employees should realize that they may still be disciplined for reasons unrelated to their claim under the Policy and despite the fact that they may be involved in arbitration of a claim under the Policy.

### **E. ADDITIONAL INFORMATION REGARDING THE AMERICAN ARBITRATION ASSOCIATION**

Additional information about the American Arbitration Association may be obtained through its website at <http://www.adr.org> or from its Dallas, Texas office at:

American Arbitration Association  
13445 Noel Road, Suite 1770  
Dallas, Texas 75240  
972-774-6947



### EMPLOYEE ACKNOWLEDGEMENT

**NOTE TO EMPLOYEE:** Please read this Open Door Policy for Dispute Resolution (3/07) and keep it handy for future reference. You are required to sign this Acknowledgment and return it to your supervisor, the division office or the corporate office in San Antonio within ten (10) business days after you receive this Policy.

I acknowledge that I have received a copy of the Open Door Policy for Dispute Resolution (3/07) adopted by Pioneer Drilling Company.

**Employee Initials:** \_\_\_\_\_

I also acknowledge and understand that the Open Door Policy for Dispute Resolution will be my only means of resolving all employment disputes covered by the Policy during and after the period of my employment at Pioneer Drilling Company.

**Employee Initials:** \_\_\_\_\_

I further acknowledge and understand that I must initiate a proceeding under this Policy within the time set by state or federal law for the initiation of such a claim and that failure to initiate a proceeding within this time shall result in a loss of my right to seek any remedy for that action.

**Employee Initials:** \_\_\_\_\_

I additionally acknowledge that nothing contained in this Policy shall be construed to alter my at-will employment status and that nothing in this Policy shall be construed to require "just cause" for termination of employment or action related to the terms and conditions of my or any other employee's employment.

**Employee Initials:** \_\_\_\_\_

Finally, by continuing or beginning my employment after the Effective Date of this Policy, I agree that I have waived my right to assert and seek a remedy for all claims covered by this Policy outside of the forum and procedures established in this Policy; this is true whether or not I actually prevail on my claims and includes my agreement to waive any and all rights to a trial by jury.

**Employee Initials:** \_\_\_\_\_

\_\_\_\_\_  
**EMPLOYEE'S PRINTED NAME**

\_\_\_\_\_  
**EMPLOYEE'S SIGNATURE**

\_\_\_\_\_  
**DATE**